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FOREIGN SERVICE DESPATCH

767.11/10-2253

FROM CAIRO

2000451

1922

THE DEPARTMENT OF STATE, WASHINGTON.

October 22, 1953

REF Cairo Despatch 994, October 19, 1953

For Dept. Use Only	ACTION	REF
	REC'D	OTHER
	NEA-4	DEPT - 6 EUR-5 SY-2 L-2 F-4
	10/29	CIA-5

SUBJECT: ex-King Zog, and Egyptian taxes

Referring to recent reports concerning ex-King Zog, and especially to my despatch 994, of October 19, 1953, I spoke again to the Minister of Foreign Affairs yesterday about ex-King Zog. Fawzi insists that he has been trying hard to help Zog but meets with opposition on all sides. He spoke to the Vice President of the Council of Ministers, the Minister of Interior and the Minister of Finance, all of whom insist that Zog owes taxes and he must pay them. They allege that Zog has not paid a cent of taxes during the many years he has resided in Egypt.

I again urged restraint and moderation.

Jefferson Caffery

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SOURCE/METHOD/EXEMPTION 3028
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

FOR COORDINATION WITH State

Jefferson Caffery

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FOREIGN SERVICE DESPATCH

2000450

767.11/10-1953

FROM **AmEmbassy, Cairo**

994
DESP. NO.

TO **THE DEPARTMENT OF STATE, WASHINGTON.**

October 19, 1953
DATE

REF **Emb Deep 935 October 10, 1953**

For 2 Dept. Use Only	ACTION	DEPT.
	REC'D	IN F O OTHER
	NEA-4	DE/R-2 041-6 EUR-5 58-2 E-4 I-4
	10-29	Cia - 5

SUBJECT: **ZOG'S DIFFICULTIES.**

The Arabic weekly Akhbar Al Yom of October 17 reported that the Parquet had decided to commit ex-King Zog of Albania and his wife for trial on charges of fraudulent tax evasion. The paper stated that the offense of which Zog is charged is punishable by imprisonment up to three years and a fine of not less than LE 30 or more than LE 1,000.

The story went on to say that these proceedings were a sequel to information obtained by the taxation authorities to the effect that ex-King Zog, his wife and members of his suite had engaged in important commercial transactions during the past five years through a number of firms and export and import agents. It was alleged that important documents had been discovered which established the fact that the former King of Albania had engaged in trading operations between Egypt and foreign countries involving tobacco, wheat, cotton, oil, sugar and mechanical equipment.

In view of this report and as a follow up to my informal representations to the Foreign Minister on Zog's behalf (mytel 410), the reporting officer raised the question of Zog with Lt. Col. Gamal Abd Al Nasir in a conversation on October 16. The reporting officer called attention to Zog's position as an anti-communist leader, pointed out that he had cooperated with the United States in anti-communist activities and was assured of permission to enter the United States where he already owns property. It was suggested that if the Egyptian Government had tax claims against Zog these could be settled without resort to public prosecution or unnecessary harassment of the former monarch.

To this Nasir replied that the Government had resorted to prosecution because Zog persisted in refusing to pay his taxes. He added that Zog had engaged in smuggling and other questionable activities and said he could not understand why the United States should back such a person.

The reporting officer asked whether, once the tax question had been settled, Zog would be permitted to take his gold out of Egypt. Nasir replied that Zog did not comply with Government regulations at the time that he brought the gold to Egypt. He said that he was not familiar with all the legal details but believed that Egypt would be within its rights in confiscating the gold.

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From Cairo

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Desp. No.
From

It was pointed out that, regardless of what the legal position might be, the conditions under which Zog had come to Egypt - as a political refugee under the personal protection of the then King of Egypt - had to be taken into account. Under these circumstances it would be unethical for the Egyptian authorities to hold Zog strictly to account for legal formalities from which he may have been exempted by Farouk.

Nasir then suggested (apparently on the spur of the moment, although he said he would stand by the offer) that the United States Government purchase Zog's gold and pay him the value thereof in the United States. The gold could then be disposed of through the National Bank of Egypt and the proceeds used to meet U.S. obligations in Egypt.

An attempt is being made to obtain a statement of Zog's position regarding his alleged tax obligations. This will be reported to the Department when received.

Comments:

// Zog's present plight would seem to be, to a considerable extent, of his own making particularly since despite the obvious trend of events he chose to overstay his time in Egypt. If he had left sometime ago before the Egyptian Government withdrew its diplomatic recognition of Albania, he would undoubtedly have been spared his present troubles.

The Embassy will continue its informal efforts to resolve the present difficulties but there is obviously a limit to the intervention which we can profitably undertake on his behalf. \\

Jefferson Caffery

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